

**BOARD OF ECONOMIC DEVELOPMENT
GOED CONFERENCE ROOM, 711 E WELLS AVE, PIERRE, SD
TUESDAY, MARCH 14, 2017, 9:30 A.M. CT**

Members Present

Chairman Jeff Erickson, Dale Clement, Tony Klein, Sharon Casey, John Calvin, Mike Luken, Ted Hustead, Pat Prostrullo, Tom Jones, Norbert Sebade, Reed Kessler, Spencer Hawley, Billie Sutton and Lee Qualm

Staff Present

Commissioner Scott Stern, Deputy Commissioner Aaron Scheibe, Cassie Stoeser, Ashley Moore, Katelyn Hump, Natalie Likness, Cassidy Kulesa, Joe Fiala and Dale Knapp

Call to Order

Chairman Erickson called the meeting to order at 9:32 a.m.

Agenda

A motion was made by John Calvin and seconded by Mike Luken to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Dale Clement and seconded by Pat Prostrullo to approve the minutes of the meetings held February 4, 2017, March 1, 2017 and March 6, 2017, as presented.

Motion passed by a roll call vote.

Conflicts Disclosure

Chairman Erickson opened the floor for committee members to identify potential conflicts under SDCL Chapter 3-23. Sharon Casey declared a potential conflict on City of Chamberlain as she serves on the Lake Francis Development Corporation Board and announced she would abstain from the matter. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from board members and no objection to proceeding with the agenda.

Executive Session

A motion was made by Sharon Casey and seconded by Ted Hustead to enter into executive session at 9:41 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 10:28 a.m. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Mike Luken and seconded by Ted Hustead to approve the chairman's report from executive session.

Motion passed by a roll call vote.

Grant Reviews

Economic Development Partnership Program (Heart of the Hills Development Corporation, Yankton Area Progressive Growth, Centerville Development Corporation, Brookings Economic Development Corporation and West River Foundation (RLF)), Local Infrastructure Improvement Program (Greater Rapid City Area Economic Development Corporation and Arlington Community Development Corporation) and Reinvestment Payment Program (GCC Dacotah, Inc.)

A motion was made by Pat Prostrollo and seconded by John Calvin to approve the Grant Reviews as recommended by staff and Grant Committee.
Motion passed by a roll call vote.

Economic Development Partnership Program - City of Chamberlain (RLF)

A motion was made by Pat Prostrollo and seconded by John Calvin to approve the Grant Review as recommended by staff and Grant Committee.
Motion passed by a roll call vote with Sharon Casey abstaining.

Old Business

Arlington Community Development Corporation

A motion was made by Tony Klein and seconded by John Calvin to amend the grant amount to \$375,000 as recommended by staff and Grant Committee.
Motion passed by a roll call vote.

Rosebud Economic Development Corporation

A motion was made by Sharon Casey and seconded by Pat Prostrollo to approve an extension of the grant agreement to October 11, 2017 as recommended by staff and Grant Committee.
Motion passed by a roll call vote.

Sioux Falls Development Foundation

A motion was made by Dale Clement and seconded by Sharon Casey to approve the specific recommendations for changes to the REDI loan documents as presented.
Motion passed by a roll call vote.

New Business

Applied Engineering, Inc.

A motion was made by Mike Luken and seconded by Norbert Sebade to approve the loan request from Applied Engineering, Inc. in the amount of \$415,230. Secured by a first collateral position on equipment and a corporate guaranty.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.
Motion passed by a roll call vote.

Omega Liner Company Inc.

A motion was made by Dale Clement and seconded by Reed Kessler to approve the loan request from Omega Liner Company Inc. in the amount of \$888,750. Secured by a shared first collateral position on financed assets, the personal guarantee of principals with 10% or more ownership and a corporate guaranty.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.
Motion passed by a roll call vote.

Economic Development Partnership Program

Wagner Area Growth, Inc.

A motion was made by Ted Hustead and seconded by Sharon Casey to approve an Economic Development Partnership grant award to Wagner Area Growth, Inc. in the amount of \$1,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Training only as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Faulkton Economic Development Corporation (RLF) and Herreid Economic Development Corporation (RLF)

A motion was made by Pat Prostrollo and seconded by Mike Luken to approve as recommended by staff and Grant Committee.

Faulkton Economic Development Corporation (RLF)

Approve an Economic Development Partnership grant award to the Faulkton Economic Development Corporation (RLF) in the amount of \$50,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Herreid Economic Development Corporation (RLF)

Approve an Economic Development Partnership grant award to the Herreid Economic Development Corporation (RLF) in the amount of \$70,000.00, to be granted in accordance with the board's Economic Development Partnership Award Policy for Revolving Loan Funds.

Motion passed by a roll call vote.

Sioux Falls Development Foundation

A motion was made by Pat Prostrollo and seconded by Dale Clement to deny the Economic Development Partnership grant to Sioux Falls Development Foundation as recommended by staff and Grant Committee.

Motion passed by a roll call vote.

Local Infrastructure Improvement Program

Brown County, Greater Huron Development Corporation and Grovena Township

A motion was made by Pat Prostrollo and seconded by Mike Luken to approve as recommended by staff and Grant Committee.

Brown County

Approve a Local Infrastructure Improvement grant award to Brown County in the amount of \$308,500, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Greater Huron Development Corporation

Approve a Local Infrastructure Improvement grant award to Greater Huron Development Corporation in the amount of \$600,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Grovena Township

Approve a Local Infrastructure Improvement grant award to Grovena Township in the amount of \$250,000, to be granted in accordance with the board's Local Infrastructure Improvement Award Policy.

Motion passed by a roll call vote.

South Dakota Jobs Grant
Applied Engineering, Inc.

A motion was made by Pat Prostrullo and seconded by Reed Kessler to approve the South Dakota Jobs grant application of Applied Engineering, Inc. as recommended by staff in the board packet.

Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a grant, a South Dakota Jobs grant in the amount of \$39,801.29, but not to exceed 100% of the State Sales and Use Tax paid on eligible equipment costs, is approved for Applied Engineering, Inc. The Jobs Grant will be paid in two installments. The first installment, in the amount of \$19,900.65, will be paid upon completion of installation of the equipment described in the Application as "Phase One". The second installment, in the amount of \$19,900.64, will be paid if and only if Applicant, prior to December 31, 2018, undertakes substantial construction of the building expansion described in the Application as "Phase Two". The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in statute and administrative rule.

Motion passed by a roll call vote.

Omega Liner Company, Inc.

A motion was made by Mike Luken and seconded by Pat Prostrullo to approve the South Dakota Jobs grant application of Omega Liner Company, Inc. as recommended by staff in the board packet.

Having considered the applicable factors and the likelihood the project would not occur in South Dakota without a grant, a South Dakota Jobs grant in the amount of \$90,000, but not to exceed 100% of the State Sales and Use Tax paid on eligible equipment costs, is approved for Omega Liner Company, Inc. The project as completed must be substantially similar to the project described in the application and must comply with the applicable deadlines and requirements set forth in statute and administrative rule.

Motion passed by a roll call vote.

Adjourn

A motion was made by Tony Klein and seconded by Dale Clement to adjourn the meeting at 10:43 a.m.

Motion passed by a roll call vote.

Dale Clement, Secretary or
Tony Klein, Treasurer